

AMENDED IN SENATE SEPTEMBER 4, 2009

AMENDED IN SENATE AUGUST 31, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 1575

Introduced by Committee on Governmental Organization (Coto (Chair), Anderson, Chesbro, Cook, De Leon, Evans, Galgiani, Hall, Hill, Jeffries, Lieu, Mendoza, Nestande, V. Manual Perez, Portantino, Silva, Torres, Torrico, and Tran)

March 23, 2009

An act to amend Sections 19510, 19513, 19605.7, *19605.71*, 19605.9, and 19606.3 of the Business and Professions Code, relating to horse racing, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1575, as amended, Committee on Governmental Organization. Horse racing.

Existing law, the Horse Racing Law, provides for the operation of live horse racing in this state and for wagering thereon, and for the operation of satellite wagering facilities, subject to regulation and oversight by the California Horse Racing Board, as specified. Existing law provides that every steward and racing official shall be licensed and subject to both written and oral examinations, as specified. "Racing official" is defined to include official veterinarians. In general, a person who participates in a horse race without proper licensure is guilty of a misdemeanor.

This bill would include outriders in the definition of racing officials thus requiring them to be licensed and examined, as specified. The bill would also provide that oral examinations for stewards shall be

conducted by a panel of not less than 3 members of the board, while oral examinations for official veterinarians shall be conducted by a panel of not less than one member of the board, the equine medical director, and the executive director of the board. By expanding the scope of an existing crime, this bill would impose a state-mandated local program.

Existing law requires that the total percentage deducted from wagers at satellite wagering facilities in the northern zone, *and in the central and southern zones*, be the same as deductions for wagers at the racetrack where the racing meeting is being conducted and amounts deducted are to be distributed as specified. Existing law provides that, for thoroughbred meetings, 2.5% of the amount handled by the satellite wagering facility on conventional and exotic wagers, or the amount of actual operating expenses, as determined by the board, whichever is less, shall be distributed to a specified organization formed to operate the audiovisual signal system.

This bill would instead require, for thoroughbred meetings from January 1, 2010, until December 31, 2013, an amount no less than in existing law, nor more than 4% of the amount handled by the satellite wagering facility on conventional and exotic wagers, to be distributed to that specified organization with the mutual consent of the racing association, horsemen's organization, and the board, as specified. The bill would require the distribution to revert on January 1, 2014, to that in existing law.

Existing provisions of law continuously appropriate certain satellite wagering moneys from wagering on thoroughbred racing at the 22nd District Agricultural Association for supplementing purses at fair meetings in Los Angeles and Orange Counties, as specified.

This bill would instead provide for the payment of that money to an unspecified racing fair in the County of Los Angeles for supplementing purses, as specified.

Existing law requires, on July 1, 2009, and each July 1 thereafter, the transfer of \$32,000,000 from the General Fund to be paid into the State Treasury to the credit of the separate account of the Fair and Exposition Fund created for satellite wagering revenues, and to continuously appropriate those moneys for allocation for the financial support of the network of California fairs. Existing law requires the first \$1,100,000 of all funds for distribution as purses generated at satellite wagering facilities statewide from wagering on thoroughbred horse racing to be deposited in a special account in the Fair and Exposition Fund and

continuously appropriated to the Department of Food and Agriculture for supplementing purses at fair meetings to achieve certain specified purposes.

This bill would instead authorize the Secretary of Food and Agriculture to allocate up to \$1,100,000 of those General Fund moneys to supplement purses at fair meetings to achieve those specified purposes. The bill would require the secretary to make these allocations part of the annual expenditure plan the secretary is required to submit to the Joint Committee on Fairs Allocation and Classification. Because this bill would authorize the expenditure of money from the continuously appropriated Fair and Exposition Fund for a new purpose, the bill would make an appropriation.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 19510 of the Business and Professions
2 Code is amended to read:
3 19510. (a) Every steward and racing official not required to
4 be licensed under Article 4 (commencing with Section 19480)
5 shall be licensed by the board pursuant to this article. Any license
6 issued pursuant to this article shall include a current photograph
7 of the licensed person.
8 (b) No person required to be licensed pursuant to this article
9 may participate in any capacity in any horse race meeting without
10 a valid and unrevoked license. The board shall determine the fixed
11 license fee which shall be paid in order to receive a license pursuant
12 to this article.
13 (c) As used in this section, “racing official” means the starter,
14 outrider, timer, paddock judge, horseshoe inspector, horse
15 identifier, official veterinarian, racing veterinarian, associate judge,
16 placing judge, patrol judge, clerk of scales, clerk of the course,
17 and any other person acting as an official at any horse racing
18 meeting.

SEC. 2. Section 19513 of the Business and Professions Code is amended to read:

19513. (a) The board shall prepare both written and oral examinations. All examinations shall be standardized and, in the case of oral examinations, tape recorded. Written examinations may be administered by members of the board staff. Oral examinations for stewards shall be conducted by a panel of not less than three board members. Oral examinations for official veterinarians shall be conducted by a panel of not less than one board member, the equine medical director, and the executive director.

(b) The board shall provide a detailed outline of the subjects to be covered by the oral and written examinations for a license to every person who requests the outline.

(c) The results of the oral and written examinations for a steward's license shall be a public record.

SEC. 3. Section 19605.7 of the Business and Professions Code is amended to read:

19605.7. The total percentage deducted from wagers at satellite wagering facilities in the northern zone shall be the same as the deductions for wagers at the racetrack where the racing meeting is being conducted and shall be distributed as set forth in this section. Amounts deducted under this section shall be distributed as follows:

(a) (1) For thoroughbred meetings, 1.3 percent of the amount handled by the satellite wagering facility on conventional and exotic wagers shall be distributed to the racing association for payment to the state as a license fee, 2 percent shall be distributed to the satellite wagering facility as a commission for the right to do business, as a franchise, and this commission is not for the use of any real property, 0.54 percent shall be deposited with the official registering agency pursuant to subdivision (a) of Section 19617.2 and shall thereafter be distributed in accordance with subdivisions (b), (c) and (d) of Section 19617.2, 0.033 percent shall be distributed to the Center for Equine Health, and 0.067 percent shall be distributed to the California Animal Health and Food Safety Laboratory, School of Veterinary Medicine, University of California at Davis. It is the intent of the Legislature that the 0.033 percent of funds distributed to the Center for Equine Health shall supplement, and not supplant, other funding sources.

(2) (A) In addition to the distributions specified in paragraph (1), for thoroughbred meetings, an amount not to exceed 4 percent of the amount handled by the satellite wagering facility on conventional and exotic wagers shall be distributed to an organization described in Section 19608.2 with the mutual consent of the racing association, the organization representing the horsemen participating in the meeting, and the board from January 1, 2010, until December 31, 2013. However, the amount shall be no less than that specified in subparagraph (B), and any amount greater than the amount specified in subparagraph (B) shall be approved by the board for no more than 12 months at a time, and only upon a determination by the board that the greater amount is in the economic interest of thoroughbred racing.

(B) Commencing January 1, 2014, an amount not to exceed the amount of actual operating expenses, as determined by the board, or 2.5 percent of the amount handled by the satellite wagering facility on conventional and exotic wagers, whichever is less, shall be distributed to an organization described in Section 19608.2.

(C) A request to the board for a distribution pursuant to subparagraph (A) shall be accompanied by a report detailing all receipts and expenditures over the two prior fiscal years of the funds affected by the request.

(D) The racing association whose request pursuant to subparagraph (A) has been approved by the board shall provide subsequent quarterly reports of receipts and expenditures of the affected funds if requested by the board.

(b) For harness, quarter horse, Appaloosa, Arabian, or mixed breed meetings, 0.4 percent of the amount handled by the satellite wagering facility on conventional and exotic wagers shall be distributed to the racing association for payment to the state as a license fee, for fair meetings, 1 percent of the amount handled by the satellite wagering facility on conventional and exotic wagers shall be distributed to the fair association for payment to the state as a license fee, 2 percent shall be distributed to the satellite wagering facility as a commission for the right to do business, as a franchise, and this commission is not for the use of any real property, and 6 percent of the amount handled by the satellite wagering facility or the amount of actual operating expenses, as determined by the board, whichever is less, shall be distributed to an organization described in Section 19608.2. In addition, in the

1 case of quarter horses, 0.4 percent shall be deposited with the
2 official registering agency pursuant to subdivision (b) of Section
3 19617.7 and shall thereafter be distributed in accordance with
4 subdivisions (c), (d), and (e) of Section 19617.7; in the case of
5 Appaloosas, 0.4 percent shall be deposited with the official
6 registering agency pursuant to subdivision (b) of Section 19617.9
7 and shall thereafter be distributed in accordance with subdivisions
8 (c), (d), and (e) of Section 19617.9; in the case of Arabians, 0.4
9 percent shall be held by the association to be deposited with the
10 official registering agency pursuant to Section 19617.8, and shall
11 thereafter be distributed in accordance with Section 19617.8; in
12 the case of standardbreds, 0.4 percent shall be distributed for the
13 California Standardbred Sires Stakes Program pursuant to Section
14 19619; in the case of thoroughbreds, 0.48 percent shall be deposited
15 with the official registering agency pursuant to subdivision (a) of
16 Section 19617.2 and shall thereafter be distributed in accordance
17 with subdivisions (b), (c), and (d) of Section 19617.2; 0.033 percent
18 shall be distributed to the Center for Equine Health; and 0.067
19 percent shall be distributed to the California Animal Health and
20 Food Safety Laboratory, School of Veterinary Medicine, University
21 of California at Davis. It is the intent of the Legislature that the
22 0.033 percent of funds distributed to the Center for Equine Health
23 shall supplement, and not supplant, other funding sources.

24 (c) In addition to the distributions specified in subdivisions (a)
25 and (b), for mixed breed meetings, 1 percent of the total amount
26 handled by each satellite wagering facility shall be distributed to
27 an organization described in Section 19608.2 for promotion of the
28 program at satellite wagering facilities. For harness meetings, 0.5
29 percent of the total amount handled by each satellite wagering
30 facility shall be distributed to an organization described in Section
31 19608.2 for the promotion of the program at satellite wagering
32 facilities, and 0.5 percent of the total amount handled by each
33 satellite wagering facility shall be distributed according to a written
34 agreement for each race meeting between the licensed racing
35 association and the organization representing the horsemen
36 participating in the meeting. If, with respect to harness meetings,
37 there are funds unexpended from this 1 percent, these funds may
38 be expended for other purposes with the consent of the horsemen
39 and the racing association to benefit the horsemen, or the racing
40 association, or both, pursuant to their agreement. For quarter horse

meetings, 0.5 percent of the total amount handled by each satellite wagering facility on races run in California shall be distributed to an organization described in Section 19608.2 for the promotion of the program at satellite wagering facilities, 0.5 percent of the total amount handled by each satellite wagering facility on out-of-state and out-of-country imported races shall be distributed to the official quarter horse registering agency for the purposes of Section 19617.75, and 0.5 percent of the total amount handled by each satellite wagering facility on all races shall be distributed according to a written agreement for each race meeting between the licensed racing association and the organization representing the horsemen participating in the meeting.

(d) Additionally, for thoroughbred, harness, quarter horse, mixed breed, and fair meetings, 0.33 percent of the total amount handled by each satellite wagering facility shall be paid to the city or county in which the satellite wagering facility is located pursuant to Section 19610.3 or 19610.4.

(e) Notwithstanding any other provision of law, a racing association is responsible for the payment of the state license fee as required by this section.

SEC. 4. Section 19605.71 of the Business and Professions Code is amended to read:

19605.71. The total percentage deducted from wagers at satellite wagering facilities in the central and southern ~~zone~~ *zones* shall be the same as the percentage deducted from wagers at the racetrack where the racing meeting is being conducted and shall be distributed as set forth in this section. Amounts deducted by a satellite wagering facility under this section shall be distributed as follows:

(a) (1) For thoroughbred meetings, 2 percent of the amount handled by the satellite wagering facility on conventional and exotic wagers shall be distributed to the racing association for payment to the state as a license fee, 2 percent shall be distributed to the satellite wagering facility as a commission for the right to do business, as a franchise, and this commission is not for the use of any real property, ~~2.5 percent of the amount of actual operating expenses, as determined by the board, whichever is less, shall be distributed to an organization described in Section 19608.2, and~~ 0.54 percent shall be deposited with the official registering agency pursuant to subdivision (a) of Section 19617.2 and shall thereafter

1 be distributed in accordance with subdivisions (b), (c), and (d) of
2 Section 19617.2, ~~and~~ 0.033 percent shall be distributed to the
3 Center for Equine Health, and 0.067 percent shall be distributed
4 to the California Animal Health and Food Safety Laboratory,
5 School of Veterinary Medicine, University of California at Davis.
6 It is the intent of the Legislature that the 0.033 percent of funds
7 distributed to the Center for Equine Health shall supplement, and
8 not supplant, other funding sources.

9 (2) (A) *In addition to the distributions specified in paragraph*
10 *(1), for thoroughbred meetings, an amount not to exceed 4 percent*
11 *of the amount handled by the satellite wagering facility on*
12 *conventional and exotic wagers shall be distributed to an*
13 *organization described in Section 19608.2 with the mutual consent*
14 *of the racing association, the organization representing the*
15 *horsemen participating in the meeting, and the board from January*
16 *1, 2010, until December 31, 2013. However, the amount shall be*
17 *no less than that specified in subparagraph (B), and any amount*
18 *greater than the amount specified in subparagraph (B) shall be*
19 *approved by the board for no more than 12 months at a time, and*
20 *only upon a determination by the board that the greater amount*
21 *is in the economic interest of thoroughbred racing.*

22 (B) *Commencing January 1, 2014, an amount not to exceed the*
23 *amount of actual operating expenses, as determined by the board,*
24 *or 2.5 percent of the amount handled by the satellite wagering*
25 *facility on conventional and exotic wagers, whichever is less, shall*
26 *be distributed to an organization described in Section 19608.2.*

27 (C) *A request to the board for a distribution pursuant to*
28 *subparagraph (A) shall be accompanied by a report detailing all*
29 *receipts and expenditures over the two prior fiscal years of the*
30 *funds affected by the request.*

31 (D) *The racing association whose request pursuant to*
32 *subparagraph (A) has been approved by the board shall provide*
33 *subsequent quarterly reports of receipts and expenditures of the*
34 *affected funds if requested by the board.*

35 (b) For harness, quarter horse, Appaloosa, Arabian, or mixed
36 breed meetings, 0.4 percent of the amount handled by the satellite
37 wagering facility on conventional and exotic wagers shall be
38 distributed to the racing association for payment to the state as a
39 license fee, for fair meetings, 1 percent of the amount handled by
40 the satellite wagering facility on conventional and exotic wagers

1 shall be distributed to the racing association for payment to the
2 state as a license fee, 2 percent shall be distributed to the satellite
3 wagering facility as a commission for the right to do business, as
4 a franchise, and this commission is not for the use of any real
5 property, and 6 percent of the amount handled by the satellite
6 wagering facility or the amount of actual operating expenses, as
7 determined by the board, whichever is less, distributed to an
8 organization described in Section 19608.2. In addition, in the case
9 of quarter horses, 0.4 percent shall be deposited with the official
10 registering agency pursuant to subdivision (b) of Section 19617.7
11 and shall thereafter be distributed in accordance with subdivisions
12 (c), (d), and (e) of Section 19617.7; in the case of Appaloosas, 0.4
13 percent shall be deposited with the official registering agency
14 pursuant to subdivision (b) of Section 19617.9 and shall thereafter
15 be distributed in accordance with subdivisions (c), (d), and (e) of
16 Section 19617.9; in the case of Arabians, 0.4 percent shall be held
17 by the association to be deposited with the official registering
18 agency, pursuant to Section 19617.8, and thereafter shall be
19 distributed in accordance with Section 19617.8; in the case of
20 standardbreds, 0.4 percent shall be distributed for the California
21 Standardbred Sires Stakes Program pursuant to Section 19619; in
22 the case of thoroughbreds, 0.48 percent shall be deposited with
23 the official registering agency pursuant to subdivision (a) of Section
24 19617.2 and shall thereafter be distributed in accordance with
25 subdivisions (b), (c), and (d) of Section 19617.2; ~~and 0.033 percent~~
26 shall be distributed to the Center for Equine Health; and 0.067
27 percent shall be distributed to the California Animal Health and
28 Food Safety Laboratory, School of Veterinary Medicine, University
29 of California at Davis. It is the intent of the Legislature that the
30 0.033 percent of funds distributed to the Center for Equine Health
31 shall supplement, and not supplant, other funding sources.

32 (c) In addition, for Appaloosa and mixed breed meetings, 1
33 percent shall be distributed to an organization described in Section
34 19608.2 for promotion of the program at satellite wagering
35 facilities. Notwithstanding any other provision of law, on wagers
36 made in the Counties of Orange and Los Angeles on thoroughbred
37 races conducted in the County of Orange or Los Angeles, or both,
38 excluding the 50th District Agricultural Association, the amount
39 deducted for promotion of the satellite wagering program at
40 satellite wagering facilities shall be 0.5 percent. Any of the

1 promotion funds that are not distributed in the year in which they
2 are collected may be distributed in the following year. If promotion
3 funds distributed in any year exceed the amount collected for that
4 year, the funds distributed in the following year shall be reduced
5 by the excess amount. For harness meetings, 0.5 percent of the
6 total amount handled by each satellite wagering facility shall be
7 distributed to an organization described in Section 19608.2 for the
8 promotion of the program at satellite wagering facilities, and 0.5
9 percent of the total amount handled by each satellite wagering
10 facility shall be distributed according to a written agreement for
11 each race meeting between the licensed racing association and the
12 organization representing the horsemen participating in the
13 meeting. For quarter horse meetings 0.5 percent of the total amount
14 handled by satellite wagering facility on races run in California
15 shall be distributed to an organization described in Section 19608.2
16 for the promotion of the program at satellite wagering facilities,
17 0.5 percent of the total amount handled by each satellite wagering
18 facility on out-of-state and out-of-country imported races shall be
19 distributed to the official quarter horse registering agency for the
20 purposes of Section 19617.75, and 0.5 percent of the total amount
21 handled by each satellite wagering facility on all races shall be
22 distributed according to a written agreement for each race meeting
23 between the licensed racing association and the organization
24 representing the horseman participating in the meeting.

25 (d) Additionally, for thoroughbred, harness, quarter horse, mixed
26 breed, and fair meetings, 0.33 percent of the total amount handled
27 by the satellite wagering facility shall be paid to the city or county
28 in which the satellite wagering facility is located pursuant to
29 Section 19610.3 or 19610.4.

30 (e) Notwithstanding any other provision of law, a racing
31 association is responsible for the payment of the state license fee
32 as required by this section.

33 ~~SEC. 4.~~

34 *SEC. 5.* Section 19605.9 of the Business and Professions Code
35 is amended to read:

36 19605.9. (a) Except as provided in subdivision (b), in the
37 central and southern zones, all of the funds distributed for purses
38 from satellite wagering facilities shall go to the purse program of
39 the association conducting the racing meeting.

(b) Notwithstanding subdivision (a), all funds for distribution as purses at satellite wagering facilities which are racing fairs in the County of Los Angeles from wagering on thoroughbred horse racing conducted at the 22nd District Agricultural Association Fairgrounds shall be paid to a racing fair in the County of Los Angeles for supplementing purses at the fair meeting. Commencing January 1, 1992, the funds distributed for purses from satellite wagering facilities pursuant to this subdivision shall not exceed the amount distributed during the 1990 calendar year. Any funds in excess of this amount shall be distributed as purses at the racing meeting conducted by the association.

~~SEC. 5.~~

SEC. 6. Section 19606.3 of the Business and Professions Code is amended to read:

19606.3. (a) From all revenues transferred pursuant to Section 19620.2 and deposited in the Fair and Exposition Fund, an amount up to one million one hundred thousand dollars (\$1,100,000) may be allocated by the Secretary of Food and Agriculture, at his or her discretion, to supplement purses at fair meetings to achieve the purposes of Section 19606.4.

(b) All allocations made pursuant to this section shall be made part of the annual expenditure plan submitted to the Joint Committee on Fairs Allocation and Classification by the Secretary of Food and Agriculture as provided in Section 19621.

~~SEC. 6.~~

SEC. 7. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.